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House Engrossed

State of Arizona
House of Representatives
Forty-sixth Legislature
First Regular Session
2003

HOUSE BILL 2349

AN ACT

AMENDING SECTION 38-783, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 2, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-783.01; AMENDING SECTION 38-817, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 3, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-817.01; AMENDING SECTION 38-857, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 4, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-857.01; AMENDING SECTION 38-906, ARIZONA REVISED STATUTES; AMENDING TITLE 38, CHAPTER 5, ARTICLE 6, ARIZONA REVISED STATUTES, BY ADDING SECTION 38-906.01; RELATING TO PUBLIC RETIREES' HEALTH INSURANCE SUBSIDIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 38-783, Arizona Revised Statutes, is amended to
3 read:

4 38-783. Retired members; dependents; health insurance; premium
5 payment; separate account; definitions

6 A. Subject to subsection J of this section, the board shall pay from
7 ASRS assets part of the single coverage premium of any health and accident
8 insurance for each retired or disabled member of ASRS if the member elects to
9 participate in the coverage provided by ASRS or section 38-651.01 or elects
10 to participate in a health and accident insurance program provided or
11 administered by an employer or paid for, in whole or in part, by an employer
12 to an insurer. The board shall pay:

13 1. Up to one hundred fifty dollars per month for a retired or disabled
14 member of ASRS who is not eligible for medicare and who has ten or more years
15 of credited service.

16 2. Up to one hundred dollars per month for each retired or disabled
17 member of ASRS who is eligible for medicare and who has ten or more years of
18 credited service.

19 B. Subject to subsection J of this section, the board shall pay from
20 ASRS assets part of the family coverage premium of any health and accident
21 insurance for a retired or disabled member of ASRS who elects family coverage
22 and who otherwise qualifies for payment pursuant to subsection A of this
23 section. Payment under this subsection is in the following amounts:

24 1. Up to two hundred sixty dollars per month if the retired or
25 disabled member of ASRS and one or more dependents are not eligible for
26 medicare.

27 2. Up to one hundred seventy dollars per month if the retired or
28 disabled member of ASRS and one or more dependents are eligible for medicare.

29 3. Up to two hundred fifteen dollars per month if either:

30 (a) The retired or disabled member of ASRS is not eligible for
31 medicare and one or more dependents are eligible for medicare.

32 (b) The retired or disabled member of ASRS is eligible for medicare
33 and one or more dependents are not eligible for medicare.

34 C. In addition each retired or disabled member of ASRS with less than
35 ten years of credited service and a dependent of such a retired or disabled
36 member who elects to participate in the coverage provided by ASRS or section
37 38-651.01 or who elects to participate in a health and accident **INSURANCE**
38 program provided or administered by an employer or paid for, in whole or in
39 part, by an employer to an insurer is entitled to receive a proportion of the
40 full benefit prescribed by subsection A, ~~or~~ B, E OR F of this section
41 according to the following schedule:

42 1. 9.0 to 9.9 years of credited service, ninety per cent.

43 2. 8.0 to 8.9 years of credited service, eighty per cent.

44 3. 7.0 to 7.9 years of credited service, seventy per cent.

45 4. 6.0 to 6.9 years of credited service, sixty per cent.

1 5. 5.0 to 5.9 years of credited service, fifty per cent.

2 6. Those with less than five years of credited service do not qualify
3 for the benefit.

4 D. The board shall not pay more than the amount prescribed in this
5 section for a retired or disabled member of ASRS.

6 E. **IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS**
7 **SECTION**, through June 30, 2003, the board shall pay an insurance premium
8 benefit for each retired or disabled member of ASRS who is eligible for a
9 premium benefit payment pursuant to subsection A of this section and who
10 lives in a nonservice area as follows:

11 1. Up to three hundred dollars per month for a retired or disabled
12 member of ASRS who is not eligible for medicare and who has ten or more years
13 of credited service.

14 2. Up to one hundred seventy dollars per month for a retired or
15 disabled member of ASRS who is eligible for medicare and who has ten or more
16 years of credited service.

17 F. **IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS**
18 **SECTION**, through June 30, 2003, the board shall pay from ASRS assets part of
19 the family coverage premium of any group health and accident insurance
20 coverage for a retired or disabled member of ASRS who is eligible for a
21 premium benefit payment pursuant to subsection B of this section and who
22 lives in a nonservice area as follows:

23 1. Up to six hundred dollars per month if the retired or disabled
24 member of ASRS and one or more dependents are not eligible for medicare **AND**
25 **THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED**
26 **SERVICE**.

27 2. Up to three hundred fifty dollars per month if the retired or
28 disabled member of ASRS and one or more dependents are eligible for medicare
29 **AND THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF CREDITED**
30 **SERVICE**.

31 3. **IF THE RETIRED OR DISABLED MEMBER OF ASRS HAS TEN OR MORE YEARS OF**
32 **CREDITED SERVICE**, up to four hundred seventy dollars per month if either:

33 (a) The retired or disabled member of ASRS is not eligible for
34 medicare and one or more dependents are eligible for medicare.

35 (b) The retired or disabled member of ASRS is eligible for medicare
36 and one or more dependents are not eligible for medicare.

37 G. A retired or disabled member of ASRS who is enrolled in a managed
38 care program in a nonservice area is not eligible for the payment prescribed
39 in subsection E or F of this section if the member terminates coverage under
40 the managed care program.

41 H. ~~Through June 30, 2003,~~ A retired or disabled member of ASRS may
42 elect to purchase individual health care coverage and receive a payment
43 pursuant to this section through the retired or disabled member's employer if
44 that employer assumes the administrative functions associated with the

1 payment, including verification that the payment is used to pay for health
2 insurance coverage if the payment is made to the retired or disabled member.

3 I. The board shall establish a separate account that consists of the
4 benefits provided by this section. The board shall not use or divert any
5 part of the corpus or income of the account for any purpose other than the
6 provision of benefits under this section unless the liabilities of ASRS to
7 provide the benefits are satisfied. If the liabilities of ASRS to provide
8 the benefits described in this section are satisfied, the board shall return
9 any amount remaining in the account to the employer.

10 J. Payment of the benefits provided by this section is subject to the
11 following conditions:

12 1. The payment of the benefits is subordinate to the payment of
13 retirement benefits payable by ASRS.

14 2. The total of contributions for the benefits and actual
15 contributions for life insurance protection, if any, shall not exceed
16 twenty-five per cent of the total actual employer and employee contributions
17 to ASRS, less contributions to fund past service credits, after the day the
18 account is established.

19 3. The board shall deposit the benefits provided by this section in
20 the account.

21 4. The contributions by the employer to the account shall be
22 reasonable and ascertainable.

23 K. For the purposes of this section:

24 1. "Account" means the separate account established pursuant to
25 subsection I of this section.

26 2. "Credited service" includes prior service.

27 3. "Nonservice area" means an area in this state in which ASRS
28 pursuant to section 38-782, the department of administration pursuant to
29 section 38-651.01 or any employer does not provide or administer a health
30 care services organization program, excluding any preferred provider
31 organization program or individual health indemnity policy, for which the
32 retired or disabled member of ASRS is eligible.

33 4. "Prior service" means service for this state or a political
34 subdivision of this state before membership in the defined contribution
35 program administered by ASRS.

36 Sec. 2. Title 38, chapter 5, article 2, Arizona Revised Statutes, is
37 amended by adding section 38-783.01, to read:

38 38-783.01. Retired member or survivor; enrollment in employer's
39 active health insurance plan

40 AN EMPLOYER SHALL ALLOW A RETIRED MEMBER OF ASRS WHO WAS EMPLOYED BY
41 THAT EMPLOYER AT RETIREMENT OR A SURVIVOR OF A MEMBER WHO WAS EMPLOYED BY
42 THAT EMPLOYER AT RETIREMENT AND WHO IS RECEIVING A RETIREMENT BENEFIT
43 PURSUANT TO THIS ARTICLE TO PARTICIPATE IN THE EMPLOYER'S HEALTH CARE
44 INSURANCE PROGRAM FOR ACTIVE EMPLOYEES OF THAT EMPLOYER AT THE SAME GROSS
45 PREMIUM RATES AS PROVIDED FOR THE ACTIVE EMPLOYEES OF THAT EMPLOYER. THIS

1 SECTION DOES NOT REQUIRE THE EMPLOYER TO PROVIDE ANY PAYMENT TO OFFSET THE
2 COST OF THE HEALTH INSURANCE PREMIUM FOR THE RETIRED MEMBER OR SURVIVOR.

3 Sec. 3. Section 38-817, Arizona Revised Statutes, is amended to read:

4 38-817. Group health and accident coverage for retired members;
5 payment; definition

6 A. The fund manager shall pay from the assets of the fund part of the
7 single coverage premium of any group health and accident insurance for each
8 retired member or survivor of the elected officials' retirement plan who
9 receives a pension if the retired member had eight or more years of credited
10 service under the plan. In order to qualify for payment pursuant to this
11 subsection, the retired member or survivor shall elect single coverage and
12 must have elected to participate in the coverage provided in section
13 38-651.01 or 38-782 or any other health and accident insurance coverage
14 provided or administered by a participating employer of the elected
15 officials' retirement plan. The fund manager shall pay up to:

16 1. One hundred fifty dollars per month for each retired member or
17 survivor of the plan who is not eligible for medicare.

18 2. One hundred dollars per month for each retired member or survivor
19 of the plan who is eligible for medicare.

20 B. The fund manager shall pay from the assets of the fund part of the
21 family coverage premium of any group health and accident insurance each month
22 for a benefit recipient who elects family coverage and who otherwise
23 qualifies for payment pursuant to subsection A of this section. The fund
24 manager shall pay up to:

25 1. Two hundred sixty dollars per month if the retired member or
26 survivor of the plan and one or more dependents are not eligible for
27 medicare.

28 2. One hundred seventy dollars per month if the retired member or
29 survivor of the plan and one or more dependents are eligible for medicare.

30 3. Two hundred fifteen dollars per month if either:

31 (a) The retired member or survivor of the plan is not eligible for
32 medicare and one or more dependents are eligible for medicare.

33 (b) The retired member or survivor of the plan is eligible for
34 medicare and one or more dependents are not eligible for medicare.

35 C. Each retired member or survivor of the plan with less than eight
36 years of credited service and a dependent of such a retired member or
37 survivor who participates in the coverage provided by section 38-651.01 or
38 38-782 or who participates in any other health and accident insurance
39 coverage provided or administered by a participating employer of the plan is
40 entitled to receive a proportion of the full benefit prescribed by subsection
41 A, ~~or~~ B, E OR F of this section according to the following schedule:

42 1. 7.0 to 7.9 years of credited service, ninety per cent.

43 2. 6.0 to 6.9 years of credited service, seventy-five per cent.

44 3. 5.0 to 5.9 years of credited service, sixty per cent.

1 4. Those with less than five years of credited service do not qualify
2 for the benefit.

3 D. The fund manager shall not pay more than the amount prescribed in
4 this section for a benefit recipient as a member or survivor of the plan.

5 E. **IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS**
6 **SECTION**, through June 30, 2003, the fund manager shall pay an insurance
7 premium benefit for each retired member or survivor of the plan who is
8 entitled to a premium benefit payment pursuant to subsection A of this
9 section and who lives in a nonservice area as follows:

10 1. Up to three hundred dollars per month for a retired member or
11 survivor of the plan who is not eligible for medicare and who has eight or
12 more years of credited service.

13 2. Up to one hundred seventy dollars per month for a retired member or
14 survivor of the plan who is eligible for medicare and who has eight or more
15 years of credited service.

16 F. **IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS**
17 **SECTION**, through June 30, 2003, the fund manager shall pay an insurance
18 premium benefit for a retired member or survivor of the plan who is entitled
19 to a premium benefit payment pursuant to subsection B of this section and who
20 lives in a nonservice area as follows:

21 1. Up to six hundred dollars per month if the retired member or
22 survivor of the plan and one or more dependents are not eligible for medicare
23 **AND THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF**
24 **CREDITED SERVICE**.

25 2. Up to three hundred fifty dollars per month if the retired member
26 or survivor of the plan and one or more dependents are eligible for medicare
27 **AND THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE YEARS OF**
28 **CREDITED SERVICE**.

29 3. **IF THE RETIRED MEMBER OR SURVIVOR OF THE PLAN HAS EIGHT OR MORE**
30 **YEARS OF CREDITED SERVICE**, up to four hundred seventy dollars per month if
31 either:

32 (a) The retired member or survivor of the plan is not eligible for
33 medicare and one or more dependents are eligible for medicare.

34 (b) The retired member or survivor of the plan is eligible for
35 medicare and one or more dependents are not eligible for medicare.

36 G. A retired member or survivor of the plan who is enrolled in a
37 managed care program in a nonservice area is not eligible for the payment
38 prescribed in subsection E or F of this section if the member terminates
39 coverage under the managed care program.

40 H. ~~Through June 30, 2003,~~ A retired member or survivor of the plan may
41 elect to purchase individual health care coverage and receive a payment
42 pursuant to this section through the retired member's employer if that
43 employer assumes the administrative functions associated with the payment,
44 including verification that the payment is used to pay for health insurance

1 coverage if the payment is made to the retired member or survivor of the
2 plan.

3 I. For the purposes of this section, "nonservice area" means an area
4 in this state in which the Arizona state retirement system pursuant to
5 section 38-782, the department of administration pursuant to section
6 38-651.01 or the member's or survivor's participating employer does not
7 provide or administer a health care services organization program, excluding
8 any preferred provider organization program or individual health indemnity
9 policy, for which the retired member or survivor of the plan is eligible.

10 Sec. 4. Title 38, chapter 5, article 3, Arizona Revised Statutes, is
11 amended by adding section 38-817.01, to read:

12 38-817.01. Retired member or survivor; enrollment in employer's
13 active health insurance plan

14 AN EMPLOYER SHALL ALLOW A RETIRED MEMBER OF THE PLAN WHO WAS EMPLOYED
15 BY THAT EMPLOYER AT RETIREMENT OR A SURVIVOR OF A MEMBER WHO WAS EMPLOYED BY
16 THAT EMPLOYER AT RETIREMENT AND WHO IS RECEIVING A PENSION PURSUANT TO THIS
17 ARTICLE TO PARTICIPATE IN THE EMPLOYER'S HEALTH CARE INSURANCE PROGRAM FOR
18 ACTIVE EMPLOYEES OF THAT EMPLOYER AT THE SAME GROSS PREMIUM RATES AS PROVIDED
19 FOR THE ACTIVE EMPLOYEES OF THAT EMPLOYER. THIS SECTION DOES NOT REQUIRE THE
20 EMPLOYER TO PROVIDE ANY PAYMENT TO OFFSET THE COST OF THE HEALTH INSURANCE
21 PREMIUM FOR THE RETIRED MEMBER OR SURVIVOR.

22 Sec. 5. Section 38-857, Arizona Revised Statutes, is amended to read:

23 38-857. Group health and accident coverage for retired members;
24 payment; definition

25 A. The fund manager of the public safety personnel retirement system
26 shall pay part of the single coverage premium of any group health and
27 accident insurance for each retired member or survivor of the system who
28 receives a pension and who has elected to participate in the coverage
29 provided by section 38-651.01 or 38-782 or any other health and accident
30 insurance coverage provided or administered by a participating employer of
31 the system. The fund manager shall pay up to:

32 1. One hundred fifty dollars per month for each retired member or
33 survivor of the system who is not eligible for medicare.

34 2. One hundred dollars per month for each retired member or survivor
35 of the system who is eligible for medicare.

36 B. The fund manager of the system shall pay from assets of the fund
37 part of the family coverage premium of any group health and accident
38 insurance each month for a benefit recipient who elects family coverage and
39 otherwise qualifies for payment pursuant to subsection A of this
40 section. The fund manager shall pay up to:

41 1. Two hundred sixty dollars per month if the retired member or
42 survivor of the system and one or more dependents are not eligible for
43 medicare.

44 2. One hundred seventy dollars per month if the retired member or
45 survivor of the system and one or more dependents are eligible for medicare.

1 3. Two hundred fifteen dollars per month if either:

2 (a) The retired member or survivor of the system is not eligible for
3 medicare and one or more dependents are eligible for medicare.

4 (b) The retired member or survivor of the system is eligible for
5 medicare and one or more dependents are not eligible for medicare.

6 C. The fund manager shall not pay from assets of the fund more than
7 the amount prescribed in this section for a benefit recipient as a member or
8 survivor of the system.

9 D. This section does not apply to a retired member or survivor of the
10 system who is reemployed by this state or a political subdivision of this
11 state and who participates in coverage provided by this state or a political
12 subdivision of this state as an active employee.

13 E. ~~IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS~~
14 ~~SECTION~~, through June 30, 2003, the fund manager shall pay an insurance
15 premium benefit for each retired member or survivor of the system who is
16 entitled to a premium benefit payment pursuant to subsection A of this
17 section and who lives in a nonservice area as follows:

18 1. Up to three hundred dollars per month for a retired member or
19 survivor of the system who is not eligible for medicare.

20 2. Up to one hundred seventy dollars per month for a retired member or
21 survivor of the system who is eligible for medicare.

22 F. ~~IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS~~
23 ~~SECTION~~, through June 30, 2003, the fund manager shall pay an insurance
24 premium benefit for a retired member or survivor of the system who is
25 entitled to a premium benefit payment pursuant to subsection B of this
26 section and who lives in a nonservice area as follows:

27 1. Up to six hundred dollars per month if the retired member or
28 survivor of the system and one or more dependents are not eligible for
29 medicare.

30 2. Up to three hundred fifty dollars per month if the retired member
31 or survivor of the system and one or more dependents are eligible for
32 medicare.

33 3. Up to four hundred seventy dollars per month if either:

34 (a) The retired member or survivor of the system is not eligible for
35 medicare and one or more dependents are eligible for medicare.

36 (b) The retired member or survivor of the system is eligible for
37 medicare and one or more dependents are not eligible for medicare.

38 G. A retired member or survivor of the system who is enrolled in a
39 managed care program in a nonservice area is not eligible for the payment
40 prescribed in subsection E or F of this section if the member terminates
41 coverage under the managed care program.

42 H. ~~Through June 30, 2003,~~ A retired member or survivor of the system
43 may elect to purchase individual health care coverage and receive a payment
44 pursuant to this section through the retired member's employer if that
45 employer assumes the administrative functions associated with the payment,

1 including verification that the payment is used to pay for health insurance
2 coverage if the payment is made to the retired member or survivor of the
3 system.

4 I. For the purposes of this section, "nonservice area" means an area
5 in this state in which the Arizona state retirement system pursuant to
6 section 38-782, the department of administration pursuant to section
7 38-651.01 or the member's or survivor's participating employer does not
8 provide or administer a health care services organization program, excluding
9 any preferred provider organization program or individual health indemnity
10 policy, for which the retired member or survivor of the system is eligible.

11 Sec. 6. Title 38, chapter 5, article 4, Arizona Revised Statutes, is
12 amended by adding section 38-857.01, to read:

13 38-857.01. Retired member or survivor; enrollment in employer's
14 active health insurance plan

15 AN EMPLOYER SHALL ALLOW A RETIRED MEMBER OF THE SYSTEM WHO WAS EMPLOYED
16 BY THAT EMPLOYER AT RETIREMENT OR A SURVIVOR OF A MEMBER WHO WAS EMPLOYED BY
17 THAT EMPLOYER AT RETIREMENT AND WHO IS RECEIVING A PENSION PURSUANT TO THIS
18 ARTICLE TO PARTICIPATE IN THE EMPLOYER'S HEALTH CARE INSURANCE PROGRAM FOR
19 ACTIVE EMPLOYEES OF THAT EMPLOYER AT THE SAME GROSS PREMIUM RATES AS PROVIDED
20 FOR THE ACTIVE EMPLOYEES OF THAT EMPLOYER. THIS SECTION DOES NOT REQUIRE THE
21 EMPLOYER TO PROVIDE ANY PAYMENT TO OFFSET THE COST OF THE HEALTH INSURANCE
22 PREMIUM FOR THE RETIRED MEMBER OR SURVIVOR.

23 Sec. 7. Section 38-906, Arizona Revised Statutes, is amended to read:

24 38-906. Group health and accident coverage for retired members;
25 payment; definition

26 A. The fund manager shall pay from the assets of the fund part of the
27 single coverage premium of any group health and accident insurance for each
28 retired member or survivor of the plan who receives a pension and who has
29 elected to participate in coverage provided by section 38-651.01 or 38-782 or
30 any other health and accident insurance coverage provided or administered by
31 a participating employer in the plan. The fund manager shall pay up to:

32 1. One hundred fifty dollars per month for each retired member or
33 survivor of the plan who is not eligible for medicare.

34 2. One hundred dollars per month for each retired member or survivor
35 of the plan who is eligible for medicare.

36 B. The fund manager shall pay from the assets of the fund part of the
37 family coverage premium of any group health and accident insurance for each
38 retired member or survivor of the plan who elects family coverage and who
39 otherwise qualifies for payment pursuant to subsection A of this section.
40 Payment under this subsection is in the following amounts:

41 1. Up to two hundred sixty dollars per month if the retired member or
42 survivor of the plan and one or more dependents are not eligible for
43 medicare.

44 2. Up to one hundred seventy dollars per month if the retired member
45 or survivor of the plan and one or more dependents are eligible for medicare.

1 3. Up to two hundred fifteen dollars if either:
2 (a) The retired member or survivor of the plan is not eligible for
3 medicare and one or more dependents are eligible for medicare.
4 (b) The retired member or survivor of the plan is eligible for
5 medicare and one or more dependents are not eligible for medicare.
6 C. The fund manager shall not pay more than the amount prescribed in
7 this section for a benefit recipient as a member or survivor of the plan.
8 D. ~~IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION A OF THIS~~
9 ~~SECTION,~~ through June 30, 2003, the fund manager shall pay an insurance
10 premium benefit for each retired member or survivor of the plan who is
11 entitled to a premium benefit payment pursuant to subsection A of this
12 section and who lives in a nonservice area as follows:
13 1. Up to three hundred dollars per month for a retired member or
14 survivor of the plan who is not eligible for medicare.
15 2. Up to one hundred seventy dollars per month for a retired member or
16 survivor of the plan who is eligible for medicare.
17 E. ~~IN ADDITION TO THE PAYMENTS PROVIDED BY SUBSECTION B OF THIS~~
18 ~~SECTION,~~ through June 30, 2003, the fund manager shall pay an insurance
19 premium benefit for a retired member or survivor of the plan who is entitled
20 to a premium benefit payment pursuant to subsection B of this section and who
21 lives in a nonservice area as follows:
22 1. Up to six hundred dollars per month if the retired member or
23 survivor of the plan and one or more dependents are not eligible for
24 medicare.
25 2. Up to three hundred fifty dollars per month if the retired member
26 or survivor of the plan and one or more dependents are eligible for medicare.
27 3. Up to four hundred seventy dollars per month if either:
28 (a) The retired member or survivor of the plan is not eligible for
29 medicare and one or more dependents are eligible for medicare.
30 (b) The retired member or survivor of the plan is eligible for
31 medicare and one or more dependents are not eligible for medicare.
32 F. A retired member or survivor of the plan who is enrolled in a
33 managed care program in a nonservice area is not eligible for the payment
34 prescribed in subsection D or E of this section if the member terminates
35 coverage under the managed care program.
36 G. ~~Through June 30, 2003,~~ A retired member or survivor of the plan may
37 elect to purchase individual health care coverage and receive a payment
38 pursuant to this section through the retired member's employer if that
39 employer assumes the administrative functions associated with the payment,
40 including verification that the payment is used to pay for health insurance
41 coverage if the payment is made to the retired member or survivor of the
42 plan.
43 H. For the purposes of this section, "nonservice area" means an area
44 in this state in which the Arizona state retirement system pursuant to
45 section 38-782, the department of administration pursuant to section

1 38-651.01 or the member's or survivor's participating employer does not
2 provide or administer a health care services organization program, excluding
3 any preferred provider organization program or individual health indemnity
4 policy, for which the retired member or survivor of the plan is eligible.

5 Sec. 8. Title 38, chapter 5, article 6, Arizona Revised Statutes, is
6 amended by adding section 38-906.01, to read:

7 38-906.01. Retired member or survivor; enrollment in employer's
8 active health insurance plan

9 AN EMPLOYER SHALL ALLOW A RETIRED MEMBER OF THE PLAN WHO WAS EMPLOYED
10 BY THAT EMPLOYER AT RETIREMENT OR A SURVIVOR OF A MEMBER WHO WAS EMPLOYED BY
11 THAT EMPLOYER AT RETIREMENT AND WHO IS RECEIVING A PENSION PURSUANT TO THIS
12 ARTICLE TO PARTICIPATE IN THE EMPLOYER'S HEALTH CARE INSURANCE PROGRAM FOR
13 ACTIVE EMPLOYEES OF THAT EMPLOYER AT THE SAME GROSS PREMIUM RATES AS PROVIDED
14 FOR THE ACTIVE EMPLOYEES OF THAT EMPLOYER. THIS SECTION DOES NOT REQUIRE THE
15 EMPLOYER TO PROVIDE ANY PAYMENT TO OFFSET THE COST OF THE HEALTH INSURANCE
16 PREMIUM FOR THE RETIRED MEMBER OR SURVIVOR.

17 Sec. 9. Election to participate in employer's health insurance
18 plan for certain existing retirees or survivors

19 A. This section applies to any retired member or survivor of a retired
20 member of the Arizona state retirement system, the elected officials'
21 retirement plan, the public safety personnel retirement system or the
22 corrections officer retirement plan who at the time of retirement or
23 eligibility as a survivor was not given the option of participating in the
24 active employee health insurance plan of the retired member's employer.

25 B. An employer shall allow a current retired member or a current
26 survivor who meets the requirements of subsection A as of the effective date
27 of this act to participate in that employer's health care insurance program
28 for active employees of that employer at the same gross premium rates as
29 provided for the active employees of that employer. In order to qualify
30 pursuant to this section, the retired member or survivor shall make an
31 election, in writing, before December 31, 2003. The effective date of
32 participation in such an insurance program shall be no later than January 1,
33 2004.

34 C. This section does not require the employer to provide any payment
35 to offset the cost of the health insurance premium for the retired member or
36 survivor.